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SIPDIS

SENSITIVE

STATE FOR EAP/BCLTV AND EB/TPP/BTA/ANA JBELLER
STATE PASS USTR FOR EBRYAN
USDOC FOR 4431/MAC/AP/OPB/VLC/HPPHO
TREASURY FOR OASIA

E.O. 12958: N/A

TAGS: [ETRD](#) [VM](#) [WTRO](#) [WTO](#) [BTA](#)

SUBJECT: VIETNAM: AMBASSADOR'S CALL ON MOT VM TU

SENSITIVE BUT UNCLASSIFIED

1 (SBU) Summary: In a meeting September 21, Vice Minister of Trade Luong Van Tu told the Ambassador that he believed both the United States and Vietnam are "happy" with the current state of the bilateral economic relationship and that GVN officials would be available to meet with the USG in the October 26-28 for WTO bilateral market access negotiations. End Summary.

BTA Implementation

2. (U) VM Tu told Ambassador that, almost three years after entry-into-force of the U.S. Vietnam Bilateral Trade Agreement, he believes the United States and Vietnam are at a point in the development of the bilateral economic relationship where "both sides are happy." Although the relationship is growing quickly, VM Tu stated, it started at a very low level and there is a great deal of potential that has not yet been explored. The VM praised USG efforts to help implement the BTA, including USG provision of technical assistance to Vietnam through the USAID-funded Support for Trade Acceleration (STAR) Project and USG support for trade-promotion trips to Vietnam. He added that the BTA is only the first step in developing the bilateral trade and economic relationship between the United States and Vietnam.

Plans for WTO Bilats

3. (SBU) VM Tu noted that during Deputy USTR Josette Shiner's visit to Hanoi in July, the U.S. and Vietnam had discussed holding WTO bilateral market access negotiations in October. To that end, he pointed out that the GVN had provided the USG with a written response to the comments the U.S. side had made on Vietnam's last WTO offer, and had proposed holding bilats any time after October 15. The Ambassador noted that the U.S. side is looking at holding the bilats during the October 26-28 timeframe and VM Tu quickly replied that the GVN would be available for meetings in Washington on those dates.

Investment Issues

4. (SBU) VM Tu told the Ambassador that the GVN has worked hard to create conditions favorable for foreign investment in Vietnam and said that "most U.S. investments in Vietnam are profitable." The GVN is happy with the presence of U.S. companies, which employ a lot of Vietnamese labor, including higher-level management staff. He explained that foreign invested companies used to rely on expensive expatriate managers, but increasingly they have been able to hire more managers locally. For example, Proctor and Gamble initially had twenty expatriate managers on staff, but has been able to reduce that number to four by hiring Vietnamese managers. At the same time, P&G has been able to increase its market share in Vietnam. VM Tu noted that he has frequently told U.S. investors that the GVN considers their success to be GVN success as well. However, he added, there are some "issues" it will take time to resolve and the GVN is looking for the companies' understanding of conditions in Vietnam.

5. (SBU) Comment: In his first meeting with the Ambassador, VM Tu made a concerted effort to put a very positive spin on the bilateral economic relationship. Aside from noting that the two sides should continue to work together on any "problems" that arise, Tu did not choose to raise any of the current irritants in the bilateral relationship, including the ongoing anti-dumping case against shrimp or the recent designation of Vietnam as a "Country of Particular Concern" regarding religious freedom. End Comment.

MARINE